

## **MEMORANDUM**

**DATE:** March 1, 2000

**TO:** LIHTC Project Owners

**FROM:** Laura Abbott

**SUBJECT:** Gross Rent Floor Determination

Attached find a Gross Rent Floor Determination form. Internal Revenue Service Revenue Procedure 94-57 provides that the gross rent floor will be effective on the date the Agency initially allocates a housing credit dollar amount to the building under Section 42(h)(1) of the Internal Revenue Code of 1986, as amended. This initial date is the effective date of the Carryover Agreement and Allocation and Taxpayer's Election Statement (the "Carryover Agreement"). However, the owner may, alternatively, make an election to have the gross rent floor take effect on the building's placed in service date. If you choose to elect the placed in service date, you must make the election and notify the Agency on or before the placed in service date.

The gross rent floor determination will serve as a protection for the owner. Once an owner chooses a building's gross rent floor, the maximum rents allowed under Section 42(g)(2)(A) cannot fall below the established rent floor, even if decreases in the AMGI result in maximum allowable rents below the rent floor. If, at placed in service date the maximum allowable rents have increased from the effective date of the Carryover Agreement and you have elected to lock in at the placed in service date, you will have the advantage of a higher gross rent floor. If, however, at placed in service date the maximum allowable rents have decreased from the effective date of the Carryover Agreement, you may choose not to make the election to lock in at the placed in service date and, alternatively, lock in at the presumed Carryover Agreement effective date.

(grf.mem)

## Gross Rent Floor Determination

Project: \_\_\_\_\_

Owner: \_\_\_\_\_

BINs\*: \_\_\_\_\_

Building Address(es):

Check Only One (1):

☐

Gross rent floor took effect on the date the Iowa Finance Authority initially allocated a housing credit dollar amount to the building(s) in the project.

☐

Gross rent floor took effect on the building's placed in service date. (Please complete page 2.)

Date: \_\_\_\_\_, 19\_\_\_\_\_

\_\_\_\_\_  
Signature of General Partner,  
Partner, Officer, or Individual  
Owner, as applicable

\_\_\_\_\_  
Typed Name

\_\_\_\_\_  
Typed Title

**Page 2**  
**Gross Rent Floor Determination**  
**(To be completed only if the building**  
**Placed in Service date for gross rent**  
**floor was chosen on Page 1)**

Project \_\_\_\_\_

BIN\*

Placed In Service Date